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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Implementation of Sections of	)	
the Cable Television Consumer	)	MM Docket 92-266
Protection and Competition Act	)	

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of 1992	)	
	)	
Rate Regulation	)	

To: The Commission

COMMENTS OF THE COALITION OF SMALL SYSTEM OPERATORS

The Coalition of Small System Operators (the "Coalition") 1/ hereby submits comments in the captioned proceeding. Together, the Small System Operators serve more than 1,238,326 subscribers from more than 2,680 headends -- for an average of less than 462 subscribers per headend. The areas where the Small System Operators have systems with less than 1,000 subscribers have very low density, with an average of less than 39 homes passed per mile, as compared with the average of 87 homes passed per mile for the top 100 systems in the United States 2/. Furthermore, these rural areas have an average of 77 subscribers per

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1/ The Coalition of Small System Operators consists of: ACI Management, Inc.; Balkin Cable; Buford Television, Inc.; Classic Cable; Community Communications Co.; Douglas Communications Corp. II; Fanch Communications, Inc.; Frederick Cablevision, Inc.; Galaxy Cablevision; Harmon Communications Corp.; Horizon Cablevision, Inc.; MidAmerican Cablesystems, Limited Partnership; MidContinent Media, Inc.; Mission Cable Company, L.P.; MW1 Cablesystems, Inc.; Phoenix Cable, Inc.; Rigel Communications, Inc.; Schurz Communications, Inc.; Star Cable Associates; Triax Communications Co.; USA Cablesystems, Inc.; and Vantage Cable Associates.

2/ 1993 Cable & Station coverage Atlas at 5.

mile. Because they are unable to spread the cost of doing business over a large number of subscribers, per subscriber costs for these systems are higher than for larger ones. The establishment of realistic benchmarks is critical for these operators whose operating margins are thin.

In developing the pricing benchmarks governing cable basic and tiered rates, the Commission relied primarily on historical pricing data from systems subject to "effective competition." 3/ The definition of systems subject to "effective competition" includes systems with less than 30 percent penetration ("Category A" systems), private multi-channel programming competitors serving the same area ("Category B" systems) and systems facing competition from municipal multi-channel programming competitors ("Category C" systems). 4/ The Commission seeks comment on whether to eliminate Category A systems (*i.e.* those systems with less than 30 percent penetration) from the definition of systems subject to "effective competition" for purposes of developing benchmark rates. 5/

The Coalition urges the Commission to retain in the definition of "effective competition" those systems with less than 30 percent penetration, as the Category B and C "competitive" systems included in the Commission's rate survey do not provide bona fide examples of competitive pricing. *See* Declaration of William Shew, Arthur Andersen Economic Consulting, at 10 (attached hereto as Exhibit A). As discussed below, there are serious questions regarding the reliability of the allegedly "competitive" prices charged by Category B and Category C

3/ *Implementation of Sections of the Cable Television Consumer Protection and Competition Act of 1992, Rate Regulation, Report and Order and Further Notice of Proposed Rulemaking*, FCC 93-177 (released May 3, 1993) at Appendix E, ¶ 207 (the "*Further Notice*").

4/ *See Further Notice* at ¶ 16.

5/ *See Further Notice* at ¶ 562.

competitive systems because Category B systems are motivated to price below costs, thereby undercutting private competitors, and prices for Category C systems are not driven by market forces because municipal systems may be subsidized and do not even have to generate sufficient revenues to sustain their own operations, much less to earn a profit. On the other hand, Category A systems can safely be presumed to face competition from other video programming providers, a presumption which provides the only logical explanation for these systems' lack of market dominance. In view of its decision to establish rate benchmarks based on competitive pricing, the Commission cannot ignore indications that the surveys for "competitive" Category B and C systems often reflected rates below the level that would sustain long-term competition. *See id.* at 10. Category A systems may be the only "competitive" systems with truly "competitive" prices.

There is no evidence in the FCC's record that the prices charged by the Category B "competitive" systems (i.e. those facing private competition) are at pricing equilibrium. In fact, where competition has existed for less than five years, price wars typically result in pricing below costs. See *id.* Indeed, a breakdown of the prices for all "competitive" systems in the Commission's surveys indicates that, where competition had lasted for less than five years, prices were 30 percent lower than situations where competition had lasted for at least six years. *Id.* at 12. Thus, where competition has existed for less than five years, the prices charged by these systems do not reflect prices required to sustain long-term competition. For this reason, short-term overbuilds should not be included in the survey data used to develop rate benchmarks intended to permit systems to operate on the long-term.

Nor do category C "competitive" systems (i.e. those which are municipally-owned or which compete with municipally-owned systems) provide any true guidelines for competitive pricing. Municipal systems' rates are not established based on a reasonable rate of return because municipally-owned

systems are not dependent upon a certain rate of return on investment to continue operations. Instead, municipal systems are entitled to many economies, such as free use of public rights-of-way, and exemptions from property taxes and franchise fees. In addition, when a municipal system suffers a shortfall in operating revenues, the municipality may issue bonds, increase taxes, or undertake another type of revenue-generating activity to subsidize the system's operation. *See id.* at 10.

Short-term private overbuilds and markets involving municipal systems do not provide realistic yardsticks by which to measure cable rates, and both types of systems should be eliminated from the survey sample. If, as suggested in the Commission's *Further Notice*, systems with less than 30 percent penetration also were eliminated from the survey data, there would be only one datapoint among the 33 surveys from which the Commission could extrapolate the twelve benchmark tables -- with a total of 3,156 pieces of data -- for systems with less than 1,000 subscribers. 6/ The Commission expresses concern that systems with less than 30 percent penetration skew the surveys of "competitive" systems when, in fact, the price wars of the short-term overbuilders and the subsidies of the municipal systems are the distorting factors. Elimination of systems with less than 30 percent penetration from the definition of systems subject to "effective competition" would further undermine the reliability of the Commission's already dubious information.

It is also important to note that the definition of systems subject to "effective competition" in question here was crafted by Congress specifically in the

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6/ There was only one private overbuild system with less than 1,000 subscribers that had faced competition for five years. *Id.* at 10.

context of rate regulation. 7/ The Commission has not questioned Congress' inclusion of systems with less than 30 percent penetration in the definition of systems subject to "effective competition" for purposes of exempting those systems from rate regulation. In essence, the Commission has accepted without question Congress' decision to exempt from rate regulation systems with less than 30 percent penetration because they have per se reasonable rates on the one hand, while questioning the validity of those rates for inclusion in data to develop rate benchmarks on the other hand. The Commission should not try to second-guess Congress on the inclusion of Category A systems in the definition of systems subject to "effective competition," especially in light of the problems with data collected from Category B and C systems, discussed above.

In view of the foregoing, the Coalition urges the Commission to retain in its definition of systems subject to "effective competition" those systems with less than 30 percent penetration.

Respectfully submitted,

COALITION OF SMALL SYSTEM OPERATORS

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Dated: June 17, 1993

7/ *See* Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385, § 623(i), 106 Stat. 1460 (1992).

DECLARATION

I, William Shew, hereby declare under penalty of perjury that the following statements are true and correct:

I am Director of Economic Studies, Arthur Andersen Economic Consulting. I have engaged in numerous studies of the economics of cable systems and television markets in the United States and Europe. My curriculum vitae is attached.

I have been asked to examine the foundation of the benchmarks proposed by the FCC to regulate the prices of basic cable services, particularly as those benchmarks apply to small cable systems, defined as having fewer than 1000 subscribers. The benchmarks are intended to describe the prices that "competitive" cable television systems would charge for basic cable service packages. The FCC recognized that the prices a cable system charges -- whether "competitive" or not -- depend on characteristics of the service it provides. Its schedule of competitive benchmarks is a function of (1) the number of system subscribers, (2) the number of channels available on all regulated tiers, and (3) the number of satellite delivered channels on all regulated tiers. The FCC plans to prohibit any "non-competitive" cable system from charging service prices higher than the benchmark prices that, according to its analysis, a "competitive" cable system would charge in the same circumstances.

My conclusions concerning the statistical validity and the soundness of the benchmarks can be summarized as follows:

1. There are inaccuracies in the FCC data used to develop the benchmarks. Determining how these inaccuracies have affected the benchmarks would be quite difficult.

2. The FCC's sample of small competitive systems is quite small, with the result that the benchmarks derived by the FCC are characterized by a significant degree of uncertainty.

3. A number of the systems used to develop "competitive" benchmarks are municipal systems or private systems engaged in price wars, whose prices would tend to understate the prices that are sustainable in long-run competition.

4. The FCC benchmark equation does not adequately predict the prices charged by small, competitive cable systems.

I will begin by summarizing how the FCC constructed its benchmarks, which is necessary to understand their infirmities. I will then explain my reservations about the benchmarks.

Benchmark Construction

To develop its competitive benchmarks, the FCC began by sending a questionnaire to systems serving 748 cable franchises, out of a total of approximately 30,000 cable franchises operating in the U.S.. Of the 748 surveyed franchises, 300 were randomly selected. The remainder consisted of at least one franchise belonging to each of the largest 100 cable systems and franchises where the FCC believed that "effective" competition was taking place. Cable systems were asked to report what basic cable service packages they provided, how many channels were supplied on each service and the price that was charged, as of September 30, 1992. They were also asked to report the number of subscribers to each service, and various other information.

Much of the information requested by the FCC is specific to individual franchise areas served by the selected cable systems. Quite commonly, a single cable television system serves adjacent communities or areas that, from the perspective of local franchising authorities, consist of separate franchises. That a cable operator's service territory may consist of several contiguous franchises is normally irrelevant to the operations of a cable system. The operator customarily provides the same set of service options throughout the service area, charging a price for each that does not vary from one franchise to another. But since "competition", as defined by the FCC, can sometimes be present in one of a cable system's franchise areas and not others, the basic unit of observation in the database developed by the FCC is the cable franchise. For each of the sampled cable systems, the FCC requested information on the "primary" franchise and, if the system's service territory consisted of more than one franchise, a second franchise. A system's "primary" franchise was defined by the FCC as the franchise drawn in the sample. The "secondary" franchise was to be chosen to favor examples of effective competition, different channel line-up or prices, and large subscriber size. Of the 687 systems returning valid questionnaires, 267 reported on only a primary franchise and 420 reported on a primary and secondary franchise.

After compiling the data reported by the surveyed cable systems, the FCC then selected a subset of the responses, which it used to develop the competitive benchmarks. Although the details of this winnowing process remain imprecise, the following steps were apparently employed. First, the FCC eliminated cable franchises for which the reported data contained important omissions. From the remaining franchises, it then selected all randomly selected "first" franchises and all franchises satisfying the "effective competition" criteria.

The benchmarks themselves are expressed in terms of the average price per channel a cable system would be allowed to charge for basic cable services. Many cable systems offer two or more basic service packages, often referred to as tiers. In such instances, the basic service prices charged by a cable operator would be tested by comparing its subscriber-weighted average price per channel to the benchmark price for systems having its attributes. In the example below, the weighted average price per channel is 82.9¢, according to the FCC formula, which involves dividing the subscriber-weighted average price by the subscriber-weighted number of channels. The subscriber-weighted price is $11.60 $(10x\frac{500}{500}+8x\frac{100}{500}=11.6)$ and the subscriber-weighted number of channels is 14 $(10x\frac{500}{500}+20x\frac{100}{500}=14)$, which gives 82.9¢ $(\frac{\$11.60}{14}=82.9¢)$.

Tier	Price	Subscribers	Channels
Basic	$10	500	10
Expanded Basic	$8	100	20

Using the sub-sample of the cable system franchises it selected, the FCC developed its benchmarks by estimating an equation relating the average price per channel charged by a cable system in a franchise area, calculated in this fashion, to four factors: (1) system subscribers, (2) number of channels available in all regulated tiers, (3) number of satellite delivered channels in all regulated tiers, and (4) whether effective competition exists in the franchise. The resulting equation was then translated by the FCC into a series of tables displaying the benchmark price as a function of attributes of cable systems. Examples of FCC benchmarks are displayed in the following table.

Benchmark Price/Channel, 200 Subscribers

	Total Basic Channels		
Satellite Channels	12	24	50
6	$1.436	$0.776	$0.404
16	–	$0.856	$0.446
30	–	–	$0.476

Benchmark Price/Channel, 800 Subscribers

	Total Basic Channels		
Satellite Channels	12	24	50
6	$1.397	$0.755	$0.393
16	–	$0.833	$0.434
30	–	–	$0.463

Benchmark Evaluation

For benchmark prices to be reasonable, they must allow the cable systems regulated by them an opportunity to recover the cost of providing cable service, including the cost of capital. If benchmarks prevent a number of cable systems from recovering their costs, the long-term consequence will be a withdrawal of service from those areas, something not in the interest of consumers.

To evaluate whether benchmarks are likely to provide systems with the opportunity to recover their costs, it is helpful to address the following questions.

1. Are the data used to construct the benchmarks accurate?

2. Are the service prices charged by the "competitive" systems in the sample adequate for those cable systems to recover their costs?

3. Is the sample of competitive systems sufficiently large to produce a statistically reliable measure of "competitive" prices?

4. Do the benchmarks take into account all of affecting service costs that would be necessary to prevent the benchmark prices from falling below service costs for some cable systems?

It is true that in the new regulatory environment a cable system facing

1. Inaccurate Data

The portrayal of service prices, subscriber numbers and channel carriage contained in the FCC's database is not always accurate. That is clear from spot checks performed under my direction and also from a comparison of the FCC database with a "corrected" version of the database prepared by the National Cable Television Association. It would be very laborious to develop a systematic evaluation of the error rates in the FCC database, the average size of the errors, and the effect of those errors on the benchmarks calculated by the FCC. Although such an evaluation would be quite useful, I am not aware that anyone has undertaken it.

In its absence, all that can be said is that errors in the FCC data may have produced inappropriate benchmarks.

2. Small Sample Size

Of the 377 franchises used to develop the benchmarks, the overwhelming share are "non-competitive", according the FCC's classification scheme. They would have had only a minor effect on the statistical derivation of "competitive" benchmarks -- as indeed should be the case, given the objective of obtaining a benchmark that describes the cable service prices that emerge in competitive markets.

The FCC designated three tests to determine whether a franchise is characterized by "competitive" prices. Cable service qualified as "competitive" if it satisfied any of those conditions, which the FCC characterizes as categories A, B, and C.

Category A: Service penetration in the franchise area is no greater than 30%

Category B: Competing systems serve the franchise[1]

Category C: The franchise contains a municipal cable system[2]

For brevity, I will refer to these criteria of competition as, respectively, 30% penetration, overbuilds, and municipal systems.

The equation used by the FCC to generate the benchmarks is estimated from a sample containing only 45 small "competitive" cable systems – not a terribly large number to provide a firm foundation for regulating the prices charged by every small system in the country. Within the group of small competitive systems, there are only two representatives of systems having between 500 and 750 subscribers, and only five with between 750 and 1000. There are various ways of quantifying the imprecision small sample size introduces in the development of competitive benchmarks. One useful measure relates to the variable in the FCC's equation characterizing whether or not a service is "competitive".

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[1] More precisely, to qualify as competitive by this test, a rival system must cover 50% of the franchise and obtain a penetration rate above 15%.

[2] More precisely, the "franchise authority" must offer a video programming service that is available in over 50% of the franchise area.

Table 1: Small Systems in the FCC Sample

System Subscribers	Not Competitive	Competitive			Category Total
		30% Penetration	Private Overbuilds	Municipal Markets	
0 to 50	4	5	0	1	10
50 to 100	5	7	0	0	12
100 to 250	19	7	4	1	31
250 to 500	25	9	0	4	38
500 to 750	15	1	1	0	17
750 to 1000	9	3	2	0	14
TOTAL	77	32	7	6	122

According to the FCC's analysis, service prices are 9% lower in "competitive" franchises, other factors equal. In other words, if two systems have identical numbers of subscribers and channels, but one operates in a "competitive" franchise and the other does not, the FCC would predict that service prices in the competitive franchise would be 9% lower. But in actuality, that estimate is subject to some uncertainty, which can be quantified. The probability is 95% that franchise competition reduces prices somewhere between 3.5% and 14.1%. In calculating its benchmarks, the FCC has assumed that competition uniformly reduces service prices by 9%, which is close to the midpoint of this interval. But we can be 95% sure only that the "correct" benchmark prices are somewhere between 3.5% and 14.1% below the prices charged in systems classified as non-competitive.

Even the figure of 45 almost certainly overstates the number of cable systems in the database capable of providing a reliable guide to "competitive"

prices. Six of the small cable systems qualify as competitive because they are municipally owned or compete with a municipal cable system. But in those markets, prices may well be below the cost of a private sector operator, because municipal cable services have unique cost advantages. In addition, six of the seven private overbuilds involving small systems have existed five years or less (five of these have been competing less than four years). Such short-term competition is typically characterized by price wars, during which prices are held below average total cost. If the short-term overbuilds (lasting five years or less) and markets involving municipal systems are removed, the FCC sample contains only 33 small "competitive" cable franchises.

Small Systems with Competitive Franchises

Competition Criteria	FCC Data	Clean FCC Data
30% Penetration	32	32
Private Overbuilds	7	1
Municipal Franchises	6	0
Total	45	33

3. Inappropriate Choice of Benchmark Systems

Markets involving municipal cable systems and short-term overbuilds cannot be expected to provide a reliable guide to the prices that characterize sustainable competition between private cable systems. A municipal cable system has cost advantages unavailable to private cable systems, including access to inexpensive finance (tax exempt bonds), use of public rights-of-way at no charge, and exemption from franchise fees and property taxes. These considerations would lead to the expectation that prices charged by municipal

systems tend to be lower than the prices charged by competing private cable systems.

That does indeed seem to be true of the cable systems in the FCC database. The "competition" variable in the FCC's benchmark equation indicates whether the system qualifies as being classified as competitive by any of the three FCC tests (30% penetration, private overbuild, municipal system). We replaced that single variable in the analysis by separate variables indicating whether or not the system (a) had a penetration rate of 30% or less, (b) was involved in a private overbuild, or (c) was a municipal system. With that reformulation, we re-estimated the FCC equation. The results revealed that basic service prices charged by municipal systems are almost 15% below prices charged by competing private systems, other factors equal.

It is also questionable whether some of the prices charged by competing private systems provide a suitable basis for developing benchmark prices. Cable overbuilds almost invariably precipitate price wars far more drastic than the price competition that occurs in most markets. The reason is not hard to find. The fixed costs of providing cable service are quite high, consisting essentially of the distribution system. Once those costs are incurred, the variable cost of serving subscribers is relatively low. When cable systems compete head-to-head, each has an incentive to drop its price as low as the variable cost of service, a low figure, if the alternative is to lose subscribers to the rival cable system.

As a case in point, one of the overbuild cable systems in the FCC database is charging $1.85 for its second tier, which contains 26 satellite-

transmitted channels of programming. We determined the channel line-up (the FCC did not ask for such information) and calculated the programming fees that the system would incur for each tier 2 subscriber. That cost alone, assuming the program fees had been charged at "rate card", would have amounted to over $2.70 per subscriber -- substantially above the price being charged by the operator for the service. In practice, cable systems often obtain substantial discounts from a channel supplier's rate card. But even then, this case provides a clear example of a price that is unsustainable over the long run. Benchmarks reflecting price wars could clearly prevent cable systems from recovering their service costs, and the resulting regulation would provide no incentive to continue to supply cable service.

Competitive benchmarks should be developed from instances of enduring competition, in which the rival cable systems have moved beyond the price-war stage to reach a sustainable price equilibrium that allows each to recover its fixed as well as variable service costs. Price wars typically characterize the early few years of an overbuild situation. After that, either some form of consolidation of the two systems occurs or competition persists, but with each rival increasing its price to a sustainable level.

Evidence of this can be found in the FCC database. We re-estimated a modified version of the FCC equation, using only those cable systems involved in an overbuild situation, and we added a variable describing how long competition had persisted in each instance. I found that in franchises where the duration of competition was five years or less prices were 30% lower than in those franchises where competition had endured at least six years. The statistical reliability of this difference is extremely high, which means there is

little doubt that the prices associated with short-term competition are substantially lower than the prices that have emerged from more durable competition.[3]

Removing either municipal markets or short-term overbuilds from the FCC's sample and re-estimating the benchmark equation causes the benchmark prices to increase. When both are removed, the benchmarks for small systems increase by 13%.

Small System Benchmarks, Eliminating Questionable Systems

Excluding franchises where	Increase in Benchmark Prices
competition is recent (5 years or less)	5.5%
competition involves municipalities	4.4%
competition is recent or involves municipalities	13%

4. Benchmark Prediction Errors

If a benchmark equation is to impose reasonable caps on the prices charged by regulated systems, the equation must be able to portray accurately the prices charged by the competitive systems intended to serve as the benchmarks. The reason, on reflection, is clear. Suppose that cable systems A and B are identical in every respect, except that B directly competes with

say that the price charged by B provides the appropriate benchmark for regulating A's price. That is true because the two systems provide identical services and operate in identical environments, so the price charged by B reveals the price that A would charge if it, also, were operating in a competitive market.

But, pursuing this example, the benchmark that the FCC plans to apply to system A is not the price charged by B, but rather the price that the FCC's equation predicts that B charges. That makes it important for the benchmark equation to be able to predict accurately the prices charged by the "competitive" systems. To revert again to the previous example, suppose more concretely that system B charges $20 per month for basic service, but the FCC's equation predicts that it charges $16 per month. Then system A would be limited to a $16 price, even though the correct benchmark is $20. This problem would not arise, obviously, if the equation correctly predicted the prices charged by competitive systems. Whether the FCC equation does accurately predict "competitive" prices is therefore quite important.

In order to accurately predict competitive service prices, it is necessary to take into account all of the factors significantly influencing the price formation in competitive markets. For example, cable distribution plant installed underground is considerably more expensive that aerial distribution, and the proportion of plant underground varies widely from one system to another. If that factor has an important influence on prices charged in competitive markets, but is ignored by the equation used to predict competitive service prices, it is quite unlikely that the predictions made by the equation would be very accurate. The FCC equation predicts service prices in competitive markets by taking into account

only three factors: the number of subscribers, the number of channels, and the

The outcome that 20 of the 45 small competitive systems used by the FCC are themselves above the FCC benchmarks can be viewed from a different perspective. Although "noncompetitive" systems charging the same rates would have to reduce their prices, the "competitive" systems do not.

Of the 20 small competitive systems with higher than predicted rates, their prices exceeded by 26% the prices predicted by the FCC equation, on average. To examine these underestimates in more detail, I arranged the 20 cable systems in the order of how much their prices exceeded the predicted prices, and then divided the ordered list into groups of five. I then calculated for each

CABLE TELEVISION STUDIES AND TESTIMONY OF BILL SHEW

A. Rate of Return Regulation

1. Development of a methodology to identify the appropriate measure of basic service cost, in the context of regulating the rate of return cable systems earn on basic service (rate case).

2. Analysis of the appropriate treatment of start-up costs in determining permissible prices under rate of return regulation (rate case).

B. Cost of Service

1. Regression analysis of the cost structure of 120 cable systems, as it relates to population density, channel capacity, subscribers, etc.

2. Study of average total cost and incremental cost of supplying basic, enhanced basic, and pay services, using engineering and accounting data.

3. Estimation of the cost of capital to a cable company, using variants of CAPM.

C. Competition Issues/Antitrust

1. Analysis of whether cable television is a natural monopoly and whether direct competition is viable and desirable (predatory pricing suit).

2. Analysis of whether a cable overbuild is commercially sustainable over the long run.

3. Analysis of whether merger of competing cable systems is in the public interest (FTC investigation).

4. Study of the market in which cable television competes (state regulation).

5. Statistical analysis of the market in which premium movie channels compete, and whether vertically integrated cable companies (programming, distribution) engage in discrimination (antitrust suit).

6. Assessment of the appropriate public policy governing non-cable distributors' access to "cable" channels (FCC docket).

7. Comparison of the profitability of cable television with television and radio stations and cellular telephone (FCC inquiry into the need to regulate cable television).

D. Valuation of Cable Franchises

1. Evaluation of the potential profitability of large cable franchises tendered by the British government.

2. Valuation of three cable television franchises (IRS tax court).

3. Valuation of combined franchise holdings of MSO (IRS tax proceeding).

4. Valuation of cable franchises in California (state property tax).

E. Cable Programming

1. Analysis of the profitability of cable distribution to a broadcast network.

2. Estimation of the price structure for distant signal imports, if the compulsory license were abolished.

3. Assessment of how the statutory rates for distant signal imports should be altered by the restoration of syndicated exclusivity.

4. Definition of the markets in which program inputs to cable television compete.

F. Miscellaneous

1. Statistical analysis of consumer impacts of cable franchise requirements.

2. Profitability of integrating video and telephone service.

VITA

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